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7000 WORKING A CASE/CASE UNIT

Reviewed: April 2003

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7100   WORKPAPERS: THE NEED FOR A COMPLETE WORKPAPER FILE

GTAM 7110   PASS Workpaper Structure
GTAM 7111   Issue Folders
GTAM 7112   Naming the Issue Folder
GTAM 7113   Contents of the Issue Folder
GTAM 7114   Audit Issue Section
GTAM 7115   Audit File Indexes

The workpapers record permanently that an examination was performed or considered on a taxpayer. A complete workpaper file should include:
- A summary of the work done,
- The audit recommendation, and
- All the supporting documents and schedules.

We need workpapers to support and, if necessary, defend the audit recommendations. We may not be able to sustain audits with recommendations that we do not clearly support with a good workpaper file. *If you must supplement the workpapers with verbal explanations, the workpapers are not complete*.

The preparation of good workpapers ensures that you:

- Perform all necessary audit steps.
- Get all material facts.
- Do not duplicate information and effort.
- Examine all pertinent supporting documents.
- Fully explain assumptions.
- Ensure that facts and the law support the conclusion.
- Know and document the taxpayer's position.
- Make information in the audit file easy to find.

Keep workpapers current at all times so no one has to redo work. *Remember that a second auditor will only have the workpapers to determine what you have done.* You should prepare workpapers to defend the audit adequately at the next level, and maintain them within the primary case unit. If you are auditing more than one year of an entity, the primary case unit is the latest return under examination.

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Use a standard workpaper format for all GTA PASS cases (except residency). Two workpapers are required:

- *Narrative Report* for all change cases, and
- *Audit File Index.*

See GTAM 13220, *Finalize the Narrative Report*, and GTAM 7115, *Audit File Indexes*, for additional information.

Narrative Templates

All change cases require narratives. GTA uses two types of narratives: the Primary Narrative and the Flow-Through Narrative. See GTAM 13220, *Finalize the Narrative Report*, for additional information.

Audit File Indexes
- *GTA Documents Index* – The GTA Documents Index is required. It is a list of documents requested and received from the taxpayer.
- *Audit File Index* - The Audit File Index is optional. It facilitates the review and comprehension of the documentation and other information in the case.
- *GTA* (*General Tax Audit*) *Index* - The GTA Index is optional. Its usage depends upon unit procedures.

See GTAM 7115, *Audit File Indexes*, for additional information.

Reviewed: November 2004

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7110   PASS Workpaper Structure

To ensure consistency and maintain one GTA structure, the workpaper file on the PASS system is structured in the following folders:

1. *Administration* stores our forms used for procedural purposes such as processing completed cases (e.g., routing information and worksheets for NPA/OA inputs).
2. *Reports* stores standard workpapers discussing the case unit as a whole, such as the Narrative Report and Hearing Officer Report.
3. *Schedules* contains all schedules for all issues.
4. *Preliminary Analysis* stores documents developed during the planning stages of the audit, including scope sheets, research templates, and notes.
5. *Draft Correspondence* contains correspondence documents that have been created but not sent. All new correspondence documents are created in the Draft Correspondence folder.
6. *Sent Correspondence* contains copies of all correspondence documents sent through PASS. Documents in this folder are read-only.
7. *Received Correspondence* contains correspondence documents for all correspondence recorded in the Event Log. This includes copies of any faxes received.
8. *Notes* stores additional information about the case or case unit such as the details from the first interview with the taxpayer or representative, public contacts, and ownership information (i.e., Public Contact Memos, research templates, and notes).
9. *Audit Support* contains documents created by Audit Business Support staff while processing completed cases.
10. *Issue Folders* contains documentation of the facts, law, analysis, conclusion, and determination for each audit issue. You can create issue folders as needed to fit the audit.

Folders #1-9 above ("Administration" through "Audit Support") are "static" folders, which means that these folders are permanently fixed. You cannot change the sequence of these folders. All cases are structured in this order.

Reviewed: April 2003

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7111 Issue Folders

An Issue folder serves as the record of the audit process for each issue under examination. In this folder, you will:

- Describe the audit issue, as reported on the tax return.
- Document research performed.
- Explain documents reviewed.
- Document the analysis of the documents received and the applicable law.

Update the Issue folder continually. You may create as many Issue folders as needed to address the audit issues. Give each audit issue its own Issue folder.

Reviewed: April 2003

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7112 Naming the Issue Folder

The folder's name should adequately identify the issue and the entity, if needed.
The Issue folders are listed in the order in which they were identified.

When you are examining multiple years and multiple issues, but one or more
issue is specific to one year, include the year within the name of the Issue folder.

 Procedure

- Name the folders.
- Include the year, if appropriate.
- Include the entity, if needed.

Reviewed: April 2003

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7113   Contents of the Issue Folder

Complete the Audit Issue Section and create any needed schedules or other sections as appropriate (see GTAM 7114, *Audit Issue Section*).

Name the files as you create them. The files are sorted in ascending or descending alphabetical order. *The discussion of facts is always first,* followed by the discussion of verification.

Reviewed: April 2003

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7114   Audit Issue Section

Use the Audit Issue Section to:

- Summarize the audit of a particular issue.
- Document continually the development of the audit process.
- Explain the books and records reviewed.
- Provide support for the audit recommendation.

The Audit Issue Section form is fixed in PASS. The following sections of the template automatically fill when the workpaper is created:

- <u>Case Unit name and Tax Year</u> (upper left corner).
- <u>Case Unit Identification Number</u> (below case unit name and tax year)
- <u>Taxpayer</u> (case unit name without reference to a specific year).
- <u>Taxpayer ID</u>.
- <u>Created By</u> (the name of the person who created the workpaper file).
- <u>Last Modified Date</u> (date last changes were made to the workpaper).

You complete the remaining sections:

- <u>Income Year(s):</u> The taxable year ending (IYE).
- <u>Issue:</u> The audit issue. This should correlate to the Issue folder.
- <u>Agree or Disagree</u> box.
- <u>Tax Potential:</u> The tax potential at the beginning of the audit for the issue identified.
- <u>Tax Adjusted</u> The actual amount of any tax adjusted at the conclusion of the examination.
- <u>Workpaper Reference:</u> The workpaper reference number.
- <u>Summary Explanation of Item as Reported</u>: Explanation of how the issue was originally reported on the tax return.
  - <u>Facts</u>: Give a clear and concise explanation of the facts and circumstances with enough detail *so that a reader unfamiliar with the case can understand* the situation as it relates to the audit issue. Differentiate fact from opinion or assertion. Identify clearly any assumptions. *Cross-reference your key points* to the pertinent documents, schedules, etc., in the audit file. **NOTE**: *Do not* include Event Log items such as, "*Called Taxpayer,*" "*Requested Return,"* etc.

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- o <u>Law</u>: *Cite* (do not analyze) the applicable law sections (i.e. code, regulations, case law, and rulings). Do not analyze *how* the law applies. Simply list the applicable law. Show the *how* in the Analysis section.
- o <u>Analysis:</u> Show how the law sections apply to the facts in your particular case. Explain why the taxpayer does or does not meet the requirements of the law. Include a discussion of applicable case law, regulations, Legal Rulings, and Revenue Rulings to support your position. Discuss your recommendation. Include a copy of research material as needed in the audit file. Address the law or case cites relied upon by the taxpayer. Explain how they support or rebut the taxpayer's, or our, position.
- o <u>Conclusion</u>: The determination based upon the Facts, Law, and Analysis. Discuss the taxpayer or representative's position, and why it does or does not apply.
- o <u>Documents Index</u>: List the document requested, the date requested, and when it was received.

Reviewed: April 2003

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7115 Audit File Indexes

The Audit File Index makes it easier to review and understand the documentation and other information in the case. Complete only one Audit File Index per audit.

The Audit File Index provides cross-referencing between the PASS electronic files and associated paper files of an audit package. In addition, the Index identifies the tax years under audit, the Statute of Limitations for each year, and helps subsequent users identify the location of the:
*   Indexes, where applicable;
*   Critical documents, where applicable; and
*   Case units with the flow-through workpapers for each taxpayer.

Guidelines for completing the Audit File Index are:
*   List the Issue Folders pertaining to the adjustments of the case (Primary or Flow-Through Issue Folders).
*   Differentiate between required items and those discretionary or subject to unit procedures (see the chart below). Include those discretionary items pertinent and critical for understanding the conclusion. See the example below.
*   Add the workpaper cross-reference in the "W/P X-Ref" column. Those items in the physical file will have a cross-reference. For information on cross-referencing, see GTAM 7600, *Cross-Referencing*.
*   Do not print documents listed on the Audit File Index, or the index itself, unless required by unit procedures.

Below is an example of an Audit File Index with required and discretionary items. An asterisk (*) denotes required items. This list is not all-inclusive, but *suggest*s how the form may be completed.

Taxpayer:			
TPID:		**Created By:**	Joe Auditor
#	**FOLDER**	**PASS Document**	**W/P X –REF**
1.	Administration		
*	Audit File Index	1	
	6430 – Audit Report	2	
	6430 – Audit Report – Partner	1	

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	#1 1997		
	PAWS Worksheet Partner #1 1995	1	
	PAWS Worksheet Partner #1 1997	2	
2.	Reports		
*	Narrative Report –	1	
*	Flow-Through Narrative Report Partner #1 1997		
	Exhibits Partner #1 1997 Position Letter	6	
	Exhibit Partner #1 1997 Rebuttal Letter		7-200
3.	Schedules		
	COD Income	1	
	Partner #1 – 1995 Solvency and Assets Schedule		
	Partner #1 – 1995 Tax Computation – See partner Position letter - Sent correspondence Folder	12	
4.	Preliminary Analysis		
5.	Draft Correspondence		
	Closing Letter For Claims	1	
6.	Sent Correspondence		
	Initial contact		
*	Position letter #1		
*	Position letter # 2		
	Partner #1 1995 Initial contact		

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7.	Received Correspondence		
	Correspondence Received Index *(see unit procedures)*		
	Information Received Index *(see unit procedures)*		
	One of the above is required per unit procedures.		
	IDR Index		
	Documents Examined Index		
	Issue Document Index (correspondence only)		
8.	Notes		
	Public Contact Memos		
	Issue Document Index (*hard copy discussed in notes only*)		
9.	Audit Support		
10.	ISSUE – COD Income		
*	Audit Issue Section Workpapers	1	
	Schedule	4	
	Document Index	2	
10.	ISSUE – Partner #1 1997 Insolvency		
*	Audit Issue Section Workpapers	1	
	Spreadsheet schedule	2	
	Document Index	3	
15.	ISSUE – Partner #1 1996 Bad Debts		
*	Audit Issue Section Workpapers	1	
	Spreadsheet schedule	3	
	Document Index	2	

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Optional Index Templates

The GTA Index (FTB Form 6869b) is optional and unit procedures determine its use.

The GTA Index is a generic index with many possible uses, such as:

- **Information Received** – in place of the PASS-generated Received Correspondence Template. This index may include documentation obtained from the taxpayer, on-line information, property tax rolls information, third party source documents, etc., in date order. Each item received is listed as soon as it is received and assigned a cross-reference.
- **Documents Examined** – as a listing of documents examined at the audit site and not copied. Individual pages may have been copied and listed elsewhere; for example, the Cash Disbursement Journal with 200 pages, of which a single page was copied for audit purposes. It confirms that you examined the journal but only copied a sample or did not need to make copies.
- **Issue Document Index** – as an extraction from the Information Received Index. This index would list only the documents pertaining to the issue in question. For example, within Issue Folder 10 – COD Income, this index will list only documents pertaining to COD income. This index is designed so that relevant items from the Information Received Index can be copied and pasted directly into this template.

GTA - INDEX

Taxpayer:			
TPID:		Created By:	

Date	Sender/Source/ Provider	Description	Pass Doc ID #	W/P X-Ref

Reviewed: April 2003

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7200   PASS EVENT LOG

The Event Log serves as a detailed log of all actions taken or recorded in PASS. It is important to record all actions. Review, Protest, Legal department, etc., will rely upon information recorded in the Event Log. The PASS system automatically records some events.

Record the following events in the Event Log:

- Change Status.
- Received Correspondence.
- Record Event.
- Record Progress.
- Record Public Contact, including:
  - Phone Calls.
  - Field Visits.
  - Field Office Visits.
- Request Review.
- Send Correspondence.
- Transfer.

Reviewed: April 2003

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7300 PRIORITIZING WORK

You are responsible for tracking all assigned cases, and choosing the order in which to work them. When prioritizing work, consider the following:

- **Statute of Limitations expiration date.** You must submit all cases to review at least six months before the expiration of the statute. See GTAM 10000, *Statute of Limitations*.
- **Requests for early statutes** (CA Revenue & Taxation Code section 19517 - Estates & Trusts). See GTAM 20310.3, *Short Statute Requests – Estates and Trusts.*
- **Collection of tax in jeopardy**. See GTAM 13240.3, *Jeopardy Assessments*.
- **Claims for Refund.** See GTAM 16300, *Claims*.
- **Backlog Cases.** See GTAM 7310, *Receiving Reassigned Cases.*
- **Tax Clearances** (to permit dissolution on corporation cases). See GTAM 20210, *Tax Clearance - Certificate of*.
- **Post Dissolution Audits.** See GTAM 20220, *Post Dissolution*.

In general, Statute of Limitations cases are first priority, followed by claims. Priorities may change due to workload constraints, staffing, etc.

This list is merely a guide. Exercise judgment in each case.

Reviewed: April 2003

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7310   Receiving Reassigned Cases

When you receive a case from a prior auditor*, you must retain the prior auditor's workpapers!* If you receive a reassigned case and do not agree with the prior workpapers, you should rename the issue file. Do not rename the issue folder.

You may create a new issue file. Name the old issue file and the new issue file appropriately (e.g., "*Audit Issue - Prior Auditor*" and "*Audit Issue - Second Auditor*") to keep the previous work without making the completed audit confusing. Write why a new issue file is created both in the Event Log and in the old issue file, and indicate the steps to complete the audit.

If you agree with the original audit position, continue with the prior auditor's workpapers.

Procedure

- Determine if the prior workpapers are appropriate.
- If yes, continue.
- If no, rename the Audit Issue File within the Audit Issue Folder to "*Audit Issue-Prior Auditor*"
- Create a new "*Audit Issue*" file within the Audit Issue Folder.

Reviewed: April 2003

7400   CREATING WORKPAPERS FOR MULTIPLE YEAR OR MULTIPLE ENTITY AUDITS

GTAM 7410   PASS Workpaper Location
GTAM 7420   ADJUSTMENTS AFFECTING FUTURE YEARS
GTAM 7421   Treatment of Refund Issues
GTAM 7422   Treatment of Refund Issues in Limited Scope Audits

When you examine an audit concerning multiple years or a flow-through entity, , you should complete one set of workpapers and save them in the primary case unit. If you audit more than one year, the *primary case unit* is the latest return under examination.

You or your supervisor decides which case is the primary case unit. You should also decide if there is more than one primary case unit. If there are entity and owner issues, you may select a primary case unit for each.

Record the location of the complete audit file in the Event Log of the non-primary case units. A complete audit file is comprised of the primary case unit and the physical audit file. Include the entity name, year, and Document Locator Number. Refer in the primary case unit's Event Log to all other entities and tax years associated with the case.

PASS is flexible. You may use different organization strategies for different circumstances. For example, you may select a Pass Through Entity for examination, but later decide to limit the examination to an issue only at the shareholder/partner level—for example, shareholder/partner basis. In this situation, you may choose to treat each shareholder/partner as a separate case, especially if you need to close the Pass Through Entity case or case unit.

📌 Procedure

- Determine which case unit is the primary case unit.
- Save all workpaper information in this case unit.
- Refer, in the non-primary case units, to the location of the complete audit file. Include entity name, year, and Document Locator Number.
- Refer, in the primary case unit, to all other entities and case units associated with the case.

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Reviewed: April 2003

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7410   PASS Workpaper Location

Entity Audits:

If the audit issue is an entity level only issue, keep the complete workpaper file in the primary case unit. Refer to the complete workpaper file in any related case units.

Entity flow through Adjustments to Owners:

When examining a flow-through entity, you must consider *both the entity and the owners.*

1.   If you conduct the examination at the entity level and adjust the owner level only because of the flow-through, keep the complete entity level workpaper file in the entity's primary case unit and refer to it in the owners' case units.

     When performing a partnership audit that results in flow-through adjustments to the individual partners, record the results from the flow-through adjustment in the partnership's Event Log. Refer to the individual partners where the actual adjustment is. Include schedules of adjustment in both the partnership's workpapers and the partners' workpapers.

     When performing an S corporation audit that results in flow-through adjustments to the shareholders, enter comments in both the S Corporation and shareholder Event Logs. For the S Corporation, record the results of the adjustment, to both the corporation and the shareholders, in the Event Log.

2.   If you discover owner-only issues in addition to the entity level issues, establish workpapers as in situation #1 above. Create an additional Issue folder at the owner level.

3.   If the only issues are at the owner level, complete the workpaper package and attach it to the primary case unit of each owner.

Note the location of the complete workpaper file in each of the other files examined, including the owner files.

Reviewed: April 2003

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7420 ADJUSTMENTS AFFECTING FUTURE YEARS

If the audit discloses an adjustment that will affect any future year or other taxpayers, such as the disallowance of a bad debt that is deductible in another year, you should request the other returns and make the appropriate adjustments. If tax returns are not yet filed for the years affected, indicate in the position letter how the items are to be treated in the future. Create a reminder in your online calendar for these items. See GTAM 13244, NPACA.

Reviewed: April 2003

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7421   Treatment of Refund Issues

First, scope the return to determine if the tax potential warrants the resources necessary to perform the audit. Since we usually base initial test checks upon limited information, you may later uncover facts that cause a refund rather than the deficiency projected. New issues may also arise that offset the tax from the other pursued issues.

It is *never* acceptable to limit the scope of your audit to exclude issues that are in the taxpayer's favor. Once you open an audit, you must address potential adjustments that are in the taxpayer's favor.

Our goal is to ensure that the correct amount of tax is paid. We cannot limit the scope of an audit to ignore overassessment issues. If we do not consider issues in the taxpayer's favor, then our adjustments will cause the taxpayer to pay more than is fair.

Once we start an audit, and contact the taxpayer, we are obligated to inform the taxpayer if we discover that the audit may result in an overall refund. Explain to the taxpayer what information you will need, and give the taxpayer an opportunity to provide the information. Be sure to include the new issue in the scope of your examination!

Reviewed: April 2003

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7422   Treatment of Refund Issues in Limited Scope Audits

Limited scope audits address situations that may result in additional tax, but of an amount that does not justify the expense of a full audit. Excluding these issues from the scope of the audit is beneficial both for us and for the taxpayer.

It is *never* acceptable to limit the scope of your audit to exclude issues that are in the taxpayer's favor. Once you open an audit, you must address potential adjustments that are in the taxpayer's favor.

Reviewed: April 2003

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7500 SCHEDULES

GTAM 7510   Pro-Forma Tax Return Schedules
GTAM 7520   Custom Spreadsheet Schedules

Prepare schedules to show the computations supporting any proposed audit adjustments. Audit schedules should refer to the documents from which the figures were derived, and those documents should refer to the audit schedules where the information is used (see GTAM 7600, *Cross Referencing*).

Sometimes, a figure on an audit schedule will represent a sum from a supporting document. You should include support for that sum in a supplemental schedule on the same page.

A supplemental schedule should show computations and clarify adjustments. Exercise care in its preparation. Remember to:

- Avoid crowding the schedule. Use multiple sheets, if needed, for a clear presentation.
- Clearly label the figures.
- Show how you determined the adjustment amount.
- Identify the source of all figures.
- Use footnotes to clarify items on the schedule.

NOTE: If the taxpayer provides schedules, you do not need to restate them.

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The schedule should include:

- The taxpayer's name in the header.
- The taxpayer's identification number (FEIN, CCN, SSN, etc.) in the header.
- An appropriate title in the header (e.g., Adjustment Schedule, CA Depreciation Schedule, etc.).
- Taxable Years Ending.
- Your name or initials, Payroll Unit Code (PUC), creation date, and schedule number in the upper right corner.
- The name of the source document and date received (lower right corner).
- The name of the individual who provided the document.
- Your additional cross-referencing.
- How you verified the schedule.

NOTE: **Do not save a revised schedule file over a schedule file you have previously sent to the taxpayer! Do not delete a schedule from a file!** Save it under a new name to retain an audit trail. Note subsequent revisions on the incorrect schedule; for example, "*This schedule has been revised and is superseded by schedule XXX.*"

 Procedure

- Include your payroll unit code, initials, date, and schedule number on all outgoing schedules.
- If providing a revised schedule, write across the bottom of the schedule, "*This schedule supersedes the schedule previously provided to you on MM/DD/YYYY.*"
- Always send a schedule to explain adjustments to the taxpayer.
- When sending the pro-forma tax return schedules, send a spreadsheet "Details of Adjustments" schedule reflecting the taxpayer's net adjustments.
- **Never save one schedule over a schedule that you have previously sent to the taxpayer.**

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7510   Pro-Forma Tax Return Schedules

Pro-forma tax return schedules are available to complete tax return forms. For example, if you were proposing a Net Operating Loss adjustment, you could complete a new FTB Form 3805V, NOL, in the pro-forma tax return schedule. This schedule would reflect the reportable Net Operating Loss. Pro-forma tax return schedules are a good place to compute tax potential of adjustments.

Pro-forma tax return schedules can:
- Transfer figures from one year to the next.

- Cross-reference figures between schedules, even from one year to the next.

- Itemize figures from a primary schedule in a supporting schedule.

- Color-code figures to identify if a figure is an estimate, overridden, transferred, itemized, a math error, etc.

Pro-forma tax return schedules cannot:

- Transfer figures between case units.

- Cross-reference between case units.

- Link two or more entity schedules.

  - For example, when completing a partnership schedule, first complete the partnership schedules including the Schedule K-1, and then complete the partner schedules beginning with the Schedule K-1 information.).

- Add comments to schedules.

- Be copied and pasted into an Issue folder.

- Provide a summary adjustment schedule reflecting an item as reported and as adjusted.

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- To provide this schedule, access the Details of Adjustments spreadsheet template.

Reviewed: April 2003

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7520 Custom Spreadsheet Schedules

PASS contains custom spreadsheet schedules created to allow adjustments to flow through from entity to owners. The entity for which a schedule is created drives the information needed to complete any given schedule. For example, when creating an S Corporation schedule, you need to enter the ownership percentages of the shareholders. The PASS spreadsheet schedules automatically calculate owner level adjustments for a pass-through entity.

PASS Spreadsheet Schedules can:
*   Be copied and pasted into multiple case units' Issue folders.
*   Compute flow through adjustments for entity and owners.
*   Compute owner-only adjustments with flow through adjustments.
*   Allow comments.
*   Be customized.

PASS Spreadsheet Schedules cannot:
*   Indicate if a figure is an estimate, itemized, etc., unless the user manually changes the color.

Reviewed: April 2003

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7600 CROSS-REFERENCING

GTAM 7610   Non-PASS Cross-Referencing
GTAM 7650   Marking on Documents

Number and cross-reference all workpapers to make the review process easier. Cross-referencing helps users easily retrieve information in the audit package.

Since we rarely print workpapers, the physical workpaper file will contain only correspondence and documentation received, and possibly a few items of correspondence sent outside of PASS.

You can view the cross-references online as ordinary word processor footers. In cross-referencing hard copy documents to the on-line file, access the desired file to view the cross-reference.

Print Order	Cross Reference
Index	
General Information	GI - page #
Team Members	
Event Log	Events – page #
Workpaper File	
Reports	Reports - *documentname* - page #
Preliminary Analysis	Prilim - *documentname* - page #
Notes	Notes - *documentname* - page #
Draft Correspondence	Draft Cor - *documentname* - page #
Sent Correspondence	Sent Cor - *documentname* - page #
Received Correspondence	Received Cor - *documentname* - page #
Schedules	Schedule - *documentname* - page #
Administration	Admin - *documentname* - page #
Audit Support	Aud Sup - *documentname* - page #
Issue	*IssueFolderName - document name* - page #
Task Plan	Task - page #
Address Book	Add Book - page #
Notice List	Notices - page #

The italics above reflect the names of the document given at the time the document was saved. The page number will also reflect the page number of *that document*, not the page number within the complete folder. For example, a Sent Correspondence folder with four two-page letters will be printed as follows:

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- Sent Cor - *ICL* - page 1
- Sent Cor - *ICL* - page 2
- Sent Cor - *IDR #2* - page 1
- Sent Cor - *IDR #2* - page 2
- Sent Cor - *Position Letter* - page 1
- Sent Cor - *Position Letter* - page 2
- Sent Cor - *Closing Letter* - page 1
- Sent Cor - *Closing Letter* - page 2

For additional information on printing PASS cases, see GTAM 4510, *Transfers to Non PASS Users.*

Reviewed: April 2003

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7610   Non-PASS Cross-Referencing

Cross reference non-PASS cases as you do PASS cases (Index, General
Information, Correspondence, etc.). In each section, use the normal cross-
reference method (A/1, or 1/1).
Reviewed: April 2003

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7650 Marking on Documents

Do not write on, mark, or highlight any documents received from the taxpayer.
The only writing allowed on taxpayer provided documents is:
- Cross-referencing at the bottom of the page.
- Date received by Franchise Tax Board at top of page.
- The word "voluntary" on IRS audit information provided to us by the taxpayer

If you want to make notations to documents:
- Copy the document received from the taxpayer.
- Note on the document that it is a copy.
- Make your notations on the copy.

Reviewed: April 2003

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7700   TELECOMMUTING

Use the PASS Application to perform all online PASS audit work activities. When telecommuting and working online, PASS auditors must use a PASS laptop. To request a PASS laptop, see GTAM 19000, *Requesting a PASS Laptop*. It is your responsibility to maintain security and confidentiality of all taxpayer information as outlined in the Security and Disclosure procedures (GTAM 3000 – GTAM 3800).

Ask your supervisor about your unit's specific telecommuting procedures.

Reviewed: April 2003

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7800 OPENING CONFERENCES

You may choose to hold an opening conference on a case-by-case basis, or by taxpayer request. Typically, an opening conference discusses:
- Time to complete the audit,
- Scope of the audit,
- Materiality of the issues examined,
- Documents requested (including possible alternative sources), and
- The information gathered in your pre-audit work.

Your supervisor may attend the opening conference as needed, by taxpayer request.
Reviewed: April 2003

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7900   FIELD APPOINTMENTS

You can make field appointments by telephone or by letter. Confirm in writing any appointments made by telephone. Appointments and confirmation letters should indicate in broad terms the initial records required for audit and the preliminary scope of the audit.

Use the initial field appointment to become familiar with the taxpayer. You might ask about the taxpayer's line of business, occupation, source of income, or related entities .

Reviewed: April 2003